

**Minutes of the 80<sup>th</sup> Annual General Meeting of  
Ladysmith & District Credit Union  
May 6, 2025**

**1. Welcome:**

President, Ross Davis welcomed members and guests to the 80<sup>th</sup> Annual General Meeting (AGM) of the Ladysmith & District Credit Union (LDCU) noting this was our second hybrid AGM (held virtually and in-person).

He noted that at tonight's AGM we have a videographer filming sections of this meeting and, after this meeting, we would like to film short interviews with members who are interested.

He acknowledged that we stand on the traditional territories of the Stz'uminus First Nation and thanked them, as original keepers of this land, for their work and dedication to this land we call home.

**2. Introductions:**

Board President Ross Davis introduced LDCU's Board of Directors as follows: Gerry Clarke, Elaine Layman, Carol Warkentin, David O'Connor Julie Fraser and Rob Viala.

He also introduced Chief Executive Officer (CEO) John de Leeuw and advised that Brad Derbyshire CPA from the accounting firm of MNP is attending virtually.

**3. Quorum:**

Board President Ross Davis declared a quorum with 171 members plus 7 guests in attendance.

**4. Meeting Documents Review:**

CEO John de Leeuw advised that tonight's meeting documents were provided to our members on LDCU's AGM registration web page and were handed out to members attending in person. They include the Agenda, Minutes of the 79<sup>th</sup> AGM and the 2024 Annual Report (which includes LDCU's Audited Summarized Financial Statement).

**5. Viewing, Voting and Questions:**

CEO John de Leeuw noted that, for those attending virtually, we are using Microsoft Teams and outlined the procedures for virtual and in-person voting and member questions.

**6. Rules of Order:**

CEO John de Leeuw then displayed the Rules of Order and read them out. He asked if anyone had any questions. No one inquired.

**7. Agenda Approval:**

Board President Ross outlined the Meeting Agenda to the membership and asked for questions. There were none. He then called for a motion to approve the Meeting Agenda. This was moved by Rod Alsop and seconded by Kelsey Dentoom. Carried by the membership.

**8. 79<sup>th</sup> AGM Minutes:**

Board President Ross Davis asked if anyone had any questions on last years' minutes. Hearing none, he then called for a motion to approve the minutes of the 79<sup>th</sup> Annual General Meeting contained in the meeting documents. This was moved by Bruce Hansen and seconded by Brian King. Carried by the membership.

**9. Business Arising:**

Board President Ross Davis then asked if there was any business arising from the 2024 AGM minutes. None were raised.

**10. Board Report:**

Board President Ross Davis welcomed everyone to LDCU's 80<sup>th</sup> AGM and advised that he was pleased to see so many members in attendance.

He noted that almost every year LDCU's President's Report outlines the challenges in the financial services industry. He advised he recently read LDCU's 40<sup>th</sup> Annual Report written by President Jack McDonald in 1985 (40 years ago). This report also discussed the similar challenges that they faced and read the following excerpt from this report:

"This past year (1984) will be known as one of recession, restraint and uncertainties for Ladysmith & District Credit Union. We have come through one of the most turbulent years in 40 years of existence."

Board President Ross Davis then advised he trusts everyone has read the Board Report contained in the meeting documents and presented its highlights as noted below:

- He discussed:
  - Rising inflation, the higher cost of living and the Bank of Canada's delay in lowering interest rates which all led to LDCU's lower loan growth in 2024.
  - The resilience in Ladysmith's housing market and the solid increase in LDCU's deposits.

- Despite the challenges, he outlined LDCU’s excellent growth metrics compared to the BC Credit Union System as noted below:

	LDCU	BC Credit Union System Average
Asset Growth	6.49%	3.72%
Deposit Growth	6.71%	3.62%
Loan Growth	1.56%	5.63%

In addition, he noted:

- Our asset and deposit growth was strong compared to the system average.
  - We have worked hard building our subsidiaries and 2024 was LCU Insurance’s best year ever for Net Operating Income and LDCU Financial held solid results.
  - We transferred \$1.46 million to Retained Earnings in 2024 increasing Members Equity to \$18.5 million and significantly increasing our Capital Ratio to 17.33%, which is more than double the 8% requirement.
- He announced that, with the excellent 2024 results, the Board of Directors was proud to declare 2024 dividends on Member Equity Shares at 4.00%.
  - He discussed LDCU’s community involvement which provided over \$73,000 in donations in 2024 and includes \$19,000 in scholarships for Ladysmith & District Secondary School graduates. He mentioned the history behind our community involvement noting that LDCU’s 40<sup>th</sup> AGM President Report stated:

“We are proud of Ladysmith & District Credit Union and its contribution to our community. Our involvement in the School Savings, School Bursaries, local charities, Ladysmith Days, Self-Help Center and other community affairs has been second to none.”

- He noted that the 2024 renovations in our retail banking area bring a fresh, modern look and, with all the positive feedback, we decided to renovate our insurance subsidiary and executive offices in the upper level.

He noted tonight’s theme is “LDCU Strong” and advised that in 2024 LDCU was recognized by our regulators (BCFSA) as the only BC Credit Union who is the dominant financial institution in its marketplace. We are incredibly proud of this distinction and even more proud that it is recognized throughout the Credit Union system.

He noted that, as we celebrate our 80<sup>th</sup> AGM, we face today much of the same obstacles as we did 40 years ago and, like back then, we remain steadfast in our belief in LDCU and committed to the ideals of a community-based Credit Union in Ladysmith.

He advised that the excellent 2024 financial results are due to the efforts of CEO John de Leeuw, his management team and the staff. He then thanked his fellow directors for their continued service to LDCU noting that, without their efforts, long-range vision, decision-making, and unfailing commitment, we would not be the Credit Union we are today.

He closed noting: "LDCU has had significant changes and substantial growth over the past 40 years, expanding our services, increasing our assets, while continuing to prioritize community engagement. We can thank our original directors and members for their far-sighted perseverance to these ideals, even in the face of seemingly insurmountable obstacles."

He closed with the eloquent words Jack McDonald spoke in 1985: "Let us work together to make the next 40 years as successful as the past 40".

Board President Ross Davis then inquired if there were any questions about the Board Report. None were raised. He then called for a motion to approve the Board Report. This was moved by Dave DeClark and seconded by Melanie Davis. Carried by the membership.

#### **11. Credit Committee Report:**

Board President Ross Davis advised that he trusts everyone has read the Credit Committee Report contained in the meeting documents. He noted that, to remain consistent with previous years, we will not read the Credit Committee Report aloud unless someone specifically asks.

CEO John de Leeuw then summarized the Credit Committee Report as follows:

- Total loan approvals increased by \$4.8 million or 9.31% but, despite these approvals, total net loan growth was down. The first half of 2024 was down due to low consumer confidence over interest rates but, this started to change in the second half as the Bank of Canada started to lower its interest rates. He then presented slides noting:
  - Our net loan growth in 2024 was only \$3.6 million, due to significant payouts with fierce competition and higher interest rates.
  - Residential mortgages accounted for over 67% of our loans in 2024, commercial financing accounted for 21% and lines of credit accounted for just under 10%.

- Residential mortgages dominated 2024 mortgage approvals outperforming 2023 by \$4.2 million. A large portion of the residential mortgage approvals were from our Mobile Mortgage Manager.
- Our commercial approvals were also higher in 2024 compared to 2023 and our new Commercial Account Manager has been doing incredibly well.

Board President Ross Davis called for a motion to approve the 2024 Credit Committee Report as outlined in the meeting documents. This was moved by Kara Olson, seconded by Brian King. Carried by the membership.

## **12. CEO Report:**

CEO John de Leeuw then presented the CEO Report outlining:

### Financial Results

The challenges and successes for LDCU over the past year noting that this understanding allows us to celebrate our success with pride. He noted:

- In 2024 the Bank of Canada delayed lowering interest rates until June, then aggressively lowered rates due to slow economic growth and market uncertainties. This resulted in our lowest year in loan growth since 2018.
- The record for the longest inverted yield curve (792 days) ended in September 2024, and fortunately, did not lead to a recession.
- The housing market in Ladysmith and surrounding area remained resilient despite the higher interest rates.
- LDCU experienced excellent growth in our deposit portfolio, which has set us up to be in an excellent position to handle the increased loan demand expected in 2025.
- The recent expansion of our loan portfolio, higher interest rates, and the superlative performance of LCU Insurance, has led to our financial income reaching a record high in 2024, being our second-best year ever.
- He thanked the Lending Team for their staggering achievement of having no delinquent loans over 30 days, at the end of 2024.
- He advised that LDCU dominated the system in almost all categories including Deposit Growth, Financial Margin, Operating Expenses, Operating Efficiency and Return on Assets.

Specifically, CEO John de Leeuw outlined LDCU's 2024 financial results in detail with a slide presentation.

### Questions:

- CEO John de Leeuw then asked the membership if they had any questions. The following question was asked:
  - Member Rob Johnson asked:
    - With the LDCU's success, is it not now, more than ever, a target for a merger or an amalgamation?
  - CEO John de Leeuw noted this was a great question, he explained the history of mergers within the Credit Union System and the reasons other Credit Unions have merged. He then advised:
    - We continue to remain fiercely, but not foolishly independent. We are not in merger talks and have not received phone calls about mergers. We believe this is due to our independent reputation in the system. We are pleased with this reputation and are not merging anytime soon.
- A round of applause was then given from the membership.

### Historical Comparison

John outlined the significant financial growth and stability of the Credit Union over the past 40 years, highlighting key metrics and historical context.

- Financial Growth Metrics
  - Since 1984, total assets have increased from \$16 million to over \$300 million, with a growth factor of 19.5 times.
  - Loans grew from \$11 million to over \$241 million, reflecting a growth factor of over 20 times.
  - Deposits rose from \$16 million to nearly \$300 million, achieving an 18.5 times growth factor.
  - Financial revenue increased from \$1.8 million to over \$15 million, while financial expenses grew from less than \$500,000 to almost \$6 million.
  - Net Operating Income improved by over 900% annually, from a loss of \$235,000 in 1984 to over \$1.8 million in 2024.
  - Retained earnings surged from approximately \$161,000 to over \$18.5 million, marking a growth of 115 times.

- Consistency and Liquidity Management
  - The relationship between total assets and deposits has remained consistent, with a stable deposit-to-loan ratio since 1984, crucial for liquidity management.
  - The overall growth pattern shows a strong correlation between past and present figures, emphasizing the Credit Union's reliability and sound financial management.
- Historical Context
  - The early 1980's posed significant challenges due to high inflation and interest rates, leading to defaults and the Credit Union's first annual loss in 1984.
  - Despite these challenges, the Credit Union has transformed into a robust financial partner for the Ladysmith Community, demonstrating resilience and sustained growth over four decades.

### Staff Service Awards

CEO John de Leeuw then individually called staff who were receiving service awards to come up. He thanked them for their hard work and effort and presented them with their annual service awards. He presented 2024 awards for one, three, five, ten and fifteen years of service.

In addition, CEO John de Leeuw thanked:

- Megan Dougan, VP HR, and LDCU's division leaders for their efforts in hiring and vetting staff amidst a competitive labor market.
- The staff who worked hard to set up this AGM, in particular the IT Team plus the many others who helped with registration and food services.
- Linda King, Executive Assistant for her tireless support to the Board and himself, emphasizing her positive attitude and dedication.

### **Retirements**

- He noted the following retirements:
  - Connie Forrest, VP Finance, retired after over 11 years and he thanked her for her steady guidance through all the challenges over the years.
  - Roberto Qualizza, Manager of Financial Services, retired after 12 years and he thanked him for his excellent leadership of the Lending Team while maintaining a strong delinquency record throughout his years with us.

### **Celebrating Legacy and Commitment**

- He extended gratitude to all staff, past and present, for their dedication, which has helped establish the Credit Union as a trusted institution since 1944.
- He extended recognition to LDCU's early pioneers and past leaders who contributed to the Credit Union's success, and emphasized the importance of their vision and commitment.

- He acknowledged the staff's integrity and commitment as foundational to the Credit Union's enduring legacy in our community.

#### Motion for CEO Report

Board President Ross Davis asked for a motion to approve the CEO's Report as presented. This was moved by David Jamieson and seconded by Rob Johnson. Carried by the membership.

### **13. Auditor's Report:**

The Auditor's Report, presented by Brad Derbyshire, CPA of MNP was viewed by the membership. Brad advised that he was pleased to report that MNP has issued a clean unmodified audit opinion and the full set of LDCU's 2024 consolidated statements fairly represent the financial position of LDCU. Ross Davis asked if there were any questions on the Auditor's Report for Brad. There were no questions.

Board President Ross Davis thanked Brad Derbyshire along with Debbie Bass and the MNP team. He asked for a motion to approve LDCU's 2024 Auditor's Report as presented. This was moved by Gordon Graham and seconded by Dorraine Baines. Carried by the membership.

### **14. Nominating Committee Report:**

Nominating Committee Chairperson Julie Fraser, presented the Nominating Committee report. She outlined the guidelines followed when directors reach the end of their term and outlined the newsletter sent to the LDCU's membership stating the expiration of the terms of two of our directors. She advised that the directors whose terms are expiring are Ross Davis and Elaine Layman noting they each completed an incumbent nomination package and no other nominations were received. Julie Fraser then advised that, pursuant to Article 4.14 of the Credit Union Rules, Ross Davis and Elaine Layman are elected via acclamation. They will each serve for three years with their terms expiring at the 2028 AGM. She thanked them for letting their names stand for another term.

Board President Ross Davis asked for a motion to accept the Nominating Report as presented. This was moved by Tracy Paterson and seconded by Marion Rodall. Carried by the membership.

### **15. Appointment of Auditors for 2025:**

Board President Ross Davis asked for a motion that MNP be appointed auditors for 2025 with the Board given the authority to set their remuneration. It was moved by Eric Tucker and seconded by Connie Forrest. Carried by the membership.

#### **16. New or Unfinished Business:**

Board President Ross Davis called for any New or Unfinished Business.

- Member Rob Johnson asked: Is LDCU's membership growing from people living in Ladysmith?
- CEO John de Leeuw answered his question stating:
  - We have recently evaluated the demographics of our membership compared to the demographics of the Town of Ladysmith in a report to our regulators (BCFSA). We found that our membership demographic mirrors the Town's demographic almost exactly and we're proud of the fact that we are well represented in our community.
  - In addition, one of our strategic priorities this year is to market to the 30 to 54-year-old demographics with a targeted on-line presence.

#### **17. LDCU Member Satisfaction Survey Results:**

Marketing Manager, Michael Robinson, outlined the member satisfaction survey conducted by Majid Khoury Consulting for LDCU and its subsidiaries.

- He advised that he was pleased to report that the results were among the best for Credit Unions in BC noting:
  - LDCU's results showed a high satisfaction due to outstanding member service and community involvement. These ratings were consistently positive across all age demographics. LDCU's friendly and competent service was mentioned as the main reason for our members' loyalty.
  - LCU Insurance's results showed a high satisfaction due to their prompt and courteous service. Their customers mentioned LCUI's reliability and support as the main reason for their long-term relationship with LCUI.
  - FML also showed high customer satisfaction based on fewer respondents.

#### **18. Announcement of Gift Certificates:**

Board President Ross Davis advised that, once again, every member attending this meeting (virtually or in-person) is able to choose a \$75 gift certificate to one of the following local businesses.

- Cottonwood Golf Course
- Wild Poppy
- Plantitude
- White Space Living
- Old Town Bakery,
- Bouma Meats
- Wordly Gourmet
- High Street Hair
- Chopstix

- Bayview Brewing
- Fox & Hounds
- Jas Café

Board President Ross Davis advised that, since we implemented this giveaway at our first virtual AGM in 2020, we have provided over \$54,000 in gift certificates to our members. This means over \$54,000 was invested into Ladysmith businesses.

#### **19. Thank you and Adjournment:**

Board President Ross Davis thanked all members for attending LDCU's 80<sup>th</sup> AGM. He noted that our theme "LDCU Strong" not only represented this very successful year but, also represents four of the past five years. He stated that, since 2020, LDCU has had four of the best years in its history despite major challenges in the industry.

He noted that we continue to look to the future as the financial services industry evolves and that LDCU is ready, even with increasing regulation, changing technology, and shifting member needs. We are investing in digital transformation, strengthening cybersecurity, and ensuring our services meet the expectations of the next generation, all while holding fast to the principles that have sustained us since 1944.

He thanked LDCU's staff for another excellent year and their dedicated service. In particular, he thanked LDCU's IT Department for putting on another successful hybrid AGM. He also thanked the Ladysmith Secondary School for allowing the use of their facility and noted that Bill Taylor's help was instrumental in making our meeting a success.

President Ross Davis then stated "Let's make the next 40 years as successful as the last 40" noting this was originally stated by LDCU's President McDonald's at LDCU's 40<sup>th</sup> AGM.

The meeting was adjourned at 8:59 pm through a motion by Tim Richards